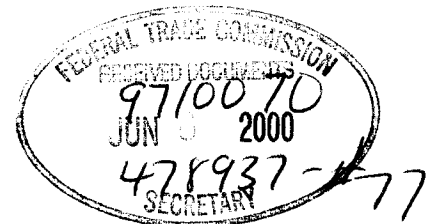


# CACTUS PRODUCTIONS, LTD

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## FEDERAL TRADE COMMISSION:

In the early 1990s, many new music retailers, i.e. mass merchandisers, started to sell CD's at low prices to gain customers and market share. This 'Loss Leader' concept resulted in thousands of retail (family owned) record outlets and major music chains going out of business. Obviously, they could not afford to sell at a price below their cost. Although it is not in your area of jurisdiction, you can picture how many empty store fronts there are now in neighborhoods that can least afford them!

The major distributors started Minimum Advertised Price (M.A.P.) policies in 1995 and saved my business along with thousands of other record retail stores. In addition to the competition I am facing with the internet, digital downloading and MP3, I am confronted by a commission whose ruling will bring harm to me, my family and the record industry. I urge you to re-think your decision on M.A.P.

There is no doubt in my mind that the price war will start soon in 2000 and my 25 years of hard work and good business will end because you will allow electronic stores and mass merchandisers to sell below cost on music with the sole purpose of a profit built into other more expensive items. Predatory pricing practices have been found illegal in courts of law and removing M.A.P.S. will allow this injustice to happen again.

Sincerely,

A handwritten signature in cursive script that reads "Gunnar Freivalds".

Gunnar Freivalds  
Vice President

cc: U.S. Senate Committee of Commerce, Science & Transportation